

Message Text

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C O N F I D E N T I A L STATE 047748

E.O. 11652: GDS

TAGS: ETRD, EEWT, RO

SUBJECT:PUNGAN-HARMAN AND FOTA-GEORGE MEETINGS AT COMMERCE
DEPT.

REFS: (A) STATE 036910 (B) KREPS/PATAN MEMCON OF 11/3/77

SUMMARY: ON FEB. 16 COMMERCE UNDER SECRETARY HARMAN MET
WITH ROMANIAN CHIEF PRESIDENTIAL COUNSELOR VASILE PUNGAN
TO DISCUSS MAJOR ISSUES IN U.S.-ROMANIAN ECONOMIC RELATIONS
IN CONNECTION WITH THE VISIT OF PRESIDENT CEAUSESCU.
MEETING FOCUSED ON FOUR ISSUES: TRADE AGREEMENT RENEWAL &
MULTI-YEAR MFN; EXPORT CONTROL POLICY; COOPERATION
ACTIVITIES, PARTICULARLY THIRD COUNTRY COOPERATION; AND
FINANCING. THIS SESSION PRECEDED BY MEETING ON FEB. 14
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BETWEEN MFT DIRECTOR FOTA AND BEWT/OEWCA/ DIRECTOR GEORGE
DURING WHICH TOPICS RELATED TO THE AMERICAN-ROMANIAN
ECONOMIC COMMISSION WERE DISCUSSED.

1. PUNGAN STRESSED THAT FOUR ISSUES IN OUR ECONOMIC RE-
LATIONS WERE OF SPECIAL INTEREST TO GOR AND IMPLIED
THAT THEY WOULD BE RAISED BY CEAUSESCU DURING HIS
VISIT.
2. TRADE AGREEMENT RENEWAL AND MULTI-YEAR MFN. NOTING

THE LIMITED THREE YEAR DURATION OF THE TRADE AGREEMENT, PUNGAN REITERATED THE GOR'S POSITION THAT MFN SHOULD BE EXTENDED FOR THIS 3 YEAR PERIOD AT A MINIMUM. DAS MARCUSS POINTED OUT THAT THERE WERE STATUTORY IMPEDIMENTS TO DOING SO AND THAT THE LIKELIHOOD OF ANY CHARGE BEING MADE THIS YEAR TO PERMIT MULTI-YEAR MFN FOR ROMANIA IS SMALL. HARMAN EXPLAINED THAT WHILE WE EXPECTED RENEWAL OF THE TRADE AGREEMENT, WE DID NOT SEE ANY LIKELIHOOD THAT THE TRADE ACT WOULD BE AMENDED THIS YEAR TO PERMIT MULTI-YEAR MFN.

3. EXPORT CONTROL. PUNGAN COMPLAINED THAT U.S. EXPORT CONTROL RESTRICTIONS HINDERED ROMANIA'S DEVELOPMENT PLANS. DAS MARCUSS RESPONDED THAT OEA HADMADE "EXTRAORDINARY EFFORTS" TO EXPEDITE LICENSE REQUESTS TO ROMANIA. HE ADDED THAT A REVIEW OF OUR EXPORT CONTROL POLICY WORLD-WIDE IS CURRENTLY UNDERWAY AND THAT THE RESULTS WILL BE REPORTED TO CONGRESS BY THE END OF THE YEAR. WHILE TOO EARLY TO SPECULATE ON IT, MARCUSS HOPED THAT SOME REDUCTIONS IN THE -0COM LIST OF CONTROLLED PRODUCTS MIGHT BE POSSIBLE. COMMENT: ROMANIANS WERE NOT REPEAT NOT TOLD THAT WE ARE RE-EXAMING EXPORT CONTROL POLICY TOWARD ROMANIA SO THAT A DEFINITIVE CONFIDENTIAL

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POLICY STATEMENT MIGHT BE MADE AT TIME OF CEAUSESCU VISIT. WHETHER THIS WILL MEAN A CHANGE IN POLICY IS UNCLEAR AT THIS TIME.

4. COOPERATION. PUNGAN EMPHASIZED GOR'S INTEREST IN COOPERATION ACTIVITIES, PARTICULARLY THIRD COUNTRY COOPERATION PROJECTS, WHICH HE SAID WERE A GOOD SOURCE OF RAW MATERIALS. PUNGAN AND FOTA SAID THAT THE TOPIC WOULD BE RAISED BY CEAUSESCU WITH PRESIDENT CARTER. DAS REICH SAW THIRD COUNTRY COOPERATION AS A TOPIC WELL SUITED FOR THE ROMANIAN-U.S. ECONOMIC COUNCIL AND HE CALLED ON THE GOR TO IDENTIFY ITS SUCCESSES IN SUCH COOPERATION. PUNGAN CITED THE ANTAMINA PROJECT IN PERU (SEE LIST OF 7 THIRD COUNTRY COOPERATION PROJECTS PRESENTED BY GOR AT ECONOMIC COMMISSION) AS ONE ON WHICH THE GOR IS READY TO MOVE AND WILL BE SHORTLY CONTACTING U.S. COMPANIES.

5. FINANCING. PUNGAN ASKED IF WE COULD PROVIDE ANY FURTHER ASSISTANCE FOR FINANCING IMPORTS FROM THE U.S. IMPLICATION WAS THAT THIS WOULD BE AT BETTER RATES THAN THAT PROVIDED UNDER EXIM OR CCC CREDITS. HARMAN TOOK NOTE OF THE REQUEST. IN FOTA-GEORGE MEETING, FOTA REFERRED TO THE AVAILABILITY OF FIVE AND SIX PERCENT MONEY IN SWITZERLAND.

6. PUNGAN STATED THAT GOR WOULD SOON SEND NEGOTIATORS

TO WRAP UP SOME MAJOR CONTRACTS TO BE SIGNED DURING
CEAUSESCU VISIT. FOTA SAID THAT MINISTER AVRAM WOULD
PROBABLY COME IN MARCH AND HE ALLUDED TO POSSIBLE
VISIT BY MINISTER MIHAIL FLORESCU. MEETING CLOSED WITH
PUNGAN WRYLY OBSERVING THAT HIS EXPERIENCES HAVE SHOWN
THAT MANY DIFFICULT PROBLEMS CAN BE SOLVED WHEN TWO
LEADERS SIT DOWN TOGETHER, LEADING US TO BELIEVE THAT
DESPITE OUR FIRM LINE ON MULTI-YEAR MFN, CEAUSESCU
WILL STILL PRESS HARD ON THIS ISSUE WITH PRESIDENT
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CARTER.

7. IN MEETING WITH FOTA, GEORGE SAID WE SHOULD BEGIN
THINKING ABOUT TIMING FOR FIFTH SESSION OF ECONOMIC
COMMISSION, ESPECIALLY IN VIEW OF SECRETARY KREPS'
LIKELY ACTIVE FALL SCHEDULE. FOTA SAID GOR WOULD
BE RECEPTIVE TO SOME PROPOSED DATES AND WE ANTICIPATE
MAKING SOME SUGGESTIONS THROUGH EMBASSY IN NEAR FUTURE.

8. FOTA CITED PRELIMINARY GOR STATISTICS FOR 1977
TOTAL TRADE AT \$584 MILLION, WITH ROMANIAN EXPORTS TO
U.S. AT \$271 MILLION AND IMPORTS AT \$313 MILLION. WE
NOTED THAT THESE FIGURES WERE CONSIDERABLY HIGHER THAN
OUR YEAR END FIGURES: TOTAL TRADE \$492.7 MILLION; U.S.
EXPORTS TO ROMANIA \$259.4 MILLION; AND U.S. IMPORTS FROM
ROMANIA \$233.3 MILLION. IT WAS AGREED THAT ROMANIAN
PURCHASE OF U.S. GRAIN THROUGH THIRD COUNTRIES ACCOUNT-
ED FOR LARGE DISCREPANCY (\$53 MILLION) IN U.S. EXPORT
FIGURE, WHILE U.S. SHIPPING STRIKE AND LARGE NUMBER OF
LATE DECEMBER SHIPMENTS PROBABLY ACCOUNTED FOR DIFFERENCE
IN U.S. IMPORT FIGURE (\$38 MILLION). FOTA EMPHASIZED
NEED TO COME TO MUTUAL UNDERSTANDING ON THE TRADE
FIGURES SO THAT THE TWO PRESIDENTS CAN PUBLICLY DISCUSS
THEM IN APRIL.

9. DISCUSSION OF FOURTH COMMISSION FOLLOW-UP CENTERED
FIRST UPON OUR STATUS REPORT ON GOR PROPOSALS FOR JOINT
CONSULTATIVE WORKING GROUPS IN THIRD COUNTRY COOPERATION
AND ELECTRONICS. REGARDING THE FORMER WE REVIEWED THE
POSITION OF U.S. SECTION OF ECONOMIC COUNCIL PER REF A,
AND WE SOUGHT FOTA'S ASSISTANCE IN EXPEDITING A DETAILED
ROMANIAN RESPONSE TO THE COUNCIL. REGARDING ELECTRONICS,
WE EXPLAINED THAT PROPOSAL GIVENBY GOR AT COMMISSION
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WAS NOT SUITABLE FOR PRESENTATION TO APPROPRIATE
ELECTRONICS ASSOCIATIONS AND THAT BEWT IS ASSISTING THE
GOR IN RE-WORKING THE PROPOSAL.

FOTA ASKED ABOUT OUR REACTION TO TWO NEW PROPOSED JOINT VENTURES ((1) ELABORATION OF ROM CDC RE DATA CENTERS OUTSIDE ROMANIA AND (2) MANUFACTURE OF CYBER 80 COMPUTER) FOR CDC IN ROMANIA AS OUTLINED BY DPM PATAN TO SECRETARY KREPS DURING THE NOV. 3 MEETING (SEE REF B). WE INFORMED FOTA THAT WE WERE UNABLE TO GIVE ANY OPINION ON THESE PROPOSED PROJECTS UNTIL CDC EITHER SOUGHT AN ADVISORY OPINION FROM OEA OR SUBMITTED A LICENSE APPLICATION. WE EXPLAINED THAT IT WAS AWKWARD FOR THE GOR TO BE PUSHING THESEPROJECTS WITH OEA AND WE URGED THAT ROMANIANS BE IN TOUCH WITH CDC REGARDING THEIR STATUS. COMMENT: OUR DISCUSSIONS WITH CDC INDICATE THAT THEY MAY BE LESS ENTHUSIASTIC ABOUT THESE 2 PROJECTS (ESPECIALLY CYBER 80) THAN GOR IS AWARE.

WE ASKED WHEN WE MIGHT EXPECT INFORMATION ON CREDIT LINES OFFERED ROMANIA WHICH GOR PROMISED TO PROVIDE PER ARTICLE 13 OF COMMISSION AGREED MINUTE. WE ALSO REQUESTED INFORMATION ON GOR'S PLANNED PUBLICATIONS FOR 1978, SPECIFICALLY ASKING WHETHER ITEMS FROM THE LIST OF REQUESTED INFORMATION WE HAD GIVEN VOLOSENIUC AT THE COMMISSION MIGHT BE INCLUDED. FOTA INDICATED THAT GOR WAS CURRENTLY CONSIDERING PUBLICATIONS TO BE RELEASED THIS YEAR AND NEXT. VANCE

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